

COUNCIL LOWERS LEVY

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REAL MARKET GROWTH

Since 2001, the City’s market value in property increased by more than 40 percent, even after a downturn in values since 2008. Commercial/ industrial market values are up 29 percent and since the 2001 property tax reform their tax capacity is up 23 percent. While the City continues to add housing units, Bloomington has seen a decrease in the number of occupants per household like other developed cities. The Census Bureau reports 537 new Bloomington housing units between 2000 and 2010. This, as well as additional commercial/ industrial developments, increased the number of taxpayers in Bloomington by more than 6 percent since 2001. In 2011, Bloomington issued building permits for more than 600 additional dwelling units already under construction, further increasing that number.

The City also absorbed the loss of Local Government Aid since 2003 and a total of \$11 million in Market Value Homestead Credit. Yet Bloomington, as a result of long-term efforts to be more efficient in providing services, remains very competitive when it comes to City taxes for all property types. See sidebar.

Bloomington is the largest net contributor to Fiscal Disparities due to its long-term success in attracting commercial/industrial businesses, which pay about 12 percent of their total property tax to the City. They make up approximately 33 percent of Bloomington’s market value and nearly 50 percent of its tax capacity – the largest of any Hennepin County community with a population over 10,000. As an example, Bloomington’s commercial/industrial market value in tax base share and total value is more than double Edina’s.

To be this property tax cost competitive, the City’s compensation and number of employees also has to be in line with these communities. It is the productivity of the City’s employees that yields such cost-effective results. Visit the City’s website to see what each of Bloomington’s services cost on a monthly basis and compare those costs with what you pay for other services such as cable, cell and Internet.

BALANCING THE BUDGET

The City is required to pass a balanced general fund budget each year. Over the past three years, as well as prior years, the City’s total current revenues from its governmental funds have not only been sufficient to fund all of its current governmental expenditures and annual debt service, but also, when combined with other financing sources and available fund balance, sufficiently covers its total capital outlay for the year. This commitment to community renewal has resulted in the City’s primary net governmental assets increasing 7 percent since 2008.

In decreasing its 2012 levy, the City looked at the longer term through financial modeling. Between 2013 - 2017,

CITY PROPERTY TAXES VERY COMPETITIVE

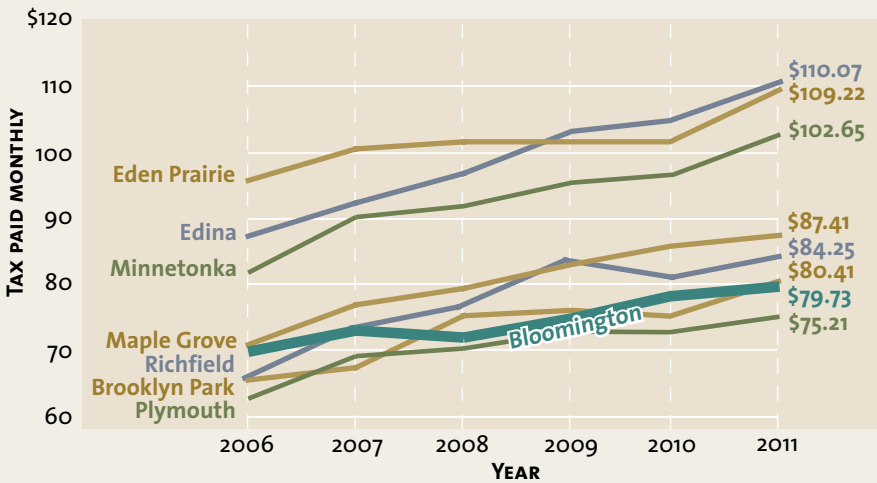
The City’s ongoing objective is to provide the best in services, while keeping property taxes competitive with neighboring communities. For years, the City used the median value home as a benchmark, although using values as a basis for comparison can be confusing as similar homes in different communities can have widely ranging values. The monthly median valued property taxes for services have stayed steady at \$67.82 for 2010, 2011 and 2012.

Another benchmark is to look at the amount that average single-family homes in each community pay for their property tax-supported services. This is calculated by taking the total amount of property taxes paid by all single-family homes and dividing that by the total number of single-family homes to determine the monthly amount. This average single-family home benchmark eliminates the issue of comparing communities based on values because it focuses on what each single-family homeowner, on average, pays to the City, which is 29 cents out of every property tax dollar they pay. See Graph A.

This comparison shows, as do the median value comparisons, that Bloomington is among the most competitive and, when adjusted for property tax aids and Fiscal Disparities, is even more competitive. See Graph B.

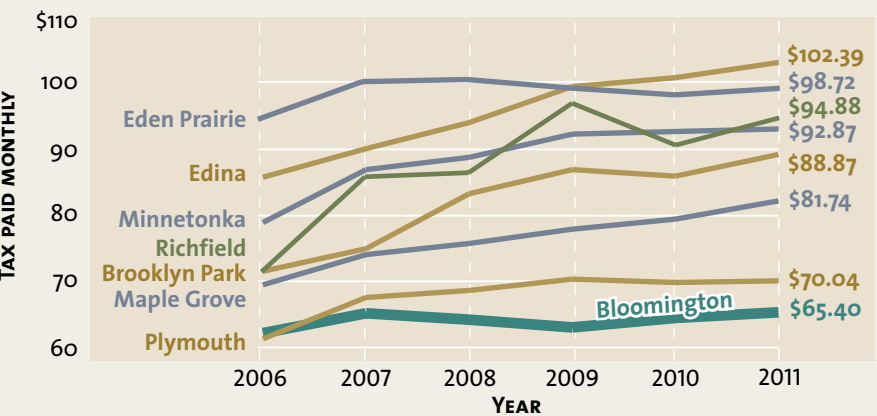
GRAPH A. PROPERTY TAX AND AIDS COSTS PER AVERAGE SINGLE-FAMILY HOME ON A LOT

Not adjusted for property tax aids and Fiscal Disparities.



GRAPH B. PROPERTY TAX AND AIDS COSTS PER AVERAGE SINGLE-FAMILY HOME ON A LOT

Adjusted for property tax aids and Fiscal Disparities.



property tax levies that support services and bonded debt will average below the total of the long-term annual average market value home appreciation plus historic annual community growth.

CAPITAL AND SERVICE INVESTMENTS

Long-term financial modeling is one reason Bloomington is one of only 31 local governments nationally with AAA bond ratings from all three ratings agencies. Key to achieving this distinction is the City’s financial strength that includes policies that prohibit the use of debt to finance current operations, as well as long-term expectations for debt, with 80 percent of debt paid back in 10 years. The City’s percentage of debt to market value is less than rating agency guidelines for AAA and substantially less than other AAA communities in the metro area.

As a result of its excellent credit rating, the City, in some years, has been able to issue debt at a lower rate than it is earning on its investments. These excellent ratings are helped by the City’s financial position, which provides for

infrastructure replacement, community renewal and working capital to take advantage of favorable construction and capital markets.

TOTAL COST COMPARISONS

The culmination of all these efforts has kept the average home’s property taxes, and also its water and sewer utility costs, among the lowest in the metro area. When added together, these make for a very attractive combination of quality services at affordable prices.

The City Council manages for the long term by modeling the future years and then working to keep both home and commercial property taxes very competitive with neighboring cities. The City Council has used the City’s organizational and financial strength to make Bloomington the very attractive community it has become over the decades and is committed to maintaining a first-class community, protecting your investment in Bloomington well into the future.

For background information on this article, visit the City’s website.

WEBSITE KEYWORD: PROPERTY TAX.

BRIEFING

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The Briefing, published bimonthly by the City of Bloomington, is mailed to our residents and businesses. Direct comments and requests for Braille, larger print or computer disk to Communications Administrator Janine Hill, 1800 West Old Shakopee Road, Bloomington MN 55431-3027; PH 952-563-8819; TTY 952-563-8740; FAX 952-563-8715; E-MAIL [jhill@ci.bloomington.mn.us](mailto:jhill@ci.bloomington.mn.us). Website: [www.ci.bloomington.mn.us](http://www.ci.bloomington.mn.us)

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The City of Bloomington complies with all applicable provisions of the Americans with Disabilities Act (ADA), Section 504 of the Rehabilitation Act of 1973, and does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its services, programs, or activities. Upon request, accommodation will be provided to allow individuals with disabilities to participate in all City of Bloomington services, programs, and activities. The City has designated coordinators to facilitate compliance with the Americans with Disabilities Act of 1990 (ADA), and to coordinate compliance with Section 504 of the Rehabilitation Act of 1973 as mandated by the U.S. Department of Housing and Urban Development regulations. For more information, contact the Human Services Division, City of Bloomington, 1800 West Old Shakopee Road, Bloomington, MN 55431-3027; 952-563-8733 (Voice); 952-563-8740 (TTY).

Upon request, this information can be available in Braille, large print, audio tape and/or electronic format.